Charity number: 295173

Royal Engineers Museum Fund

Trustees' report and financial statements

For the year ended 31 December 2021

ROYAL ENGINEERS MUSEUM

Royal Engineers Museum Fund

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Royal Engineers Museum Fund

Trustees Report
For the year ended 31 December 2021

The Trustees present their annual report and the audited financial statements of the charity for the year ended 31 December 2021. The financial statements have been prepared in accordance with the accounting policies set out at note 2 to the accounts and comply with the charity's trust deed, the Charities Act 2011 and the Charities SORP FRS 102. Trustees consider that in preparing these financial statements they have taken into account all information that could be reasonably be expected to be available (including levels of reserves held). Therefore, the going concern basis of accounting is deemed appropriate and there are no material uncertainties.

SECTION A: OBJECTIVES AND ACTIVITIES

The charitable object of the Royal Engineers Museum is:

'to collect, preserve and present accessibly the military and civil work, deeds and history of the Corps of Royal Engineers and to educate and promote scholarship therein for members of the Corps, the wider Armed Forces and the general public and, thereby, to contribute positively to the proficiency, reputation and efficiency of the Corps, the recruitment and inspiration of its members and the benefit of the public.'

The Royal Engineers Museum (REM) Collection has been developed by the Corps of Royal Engineers over the last two hundred years and now forms one of the most important military collections in the UK. In 1998, this historic significance was recognised with the official government award of Designated status, marking ours as a pre-eminent collection of national and international importance.

The Collection now comprises over 1 million items and preserves the heritage of Britain's military engineers throughout the 300 years of their existence. Work on improving access to this collection through digitisation, online catalogues, inter-museum loans as well as increasing the audience is a constant. REM presents the heritage of the Corps in its displays, exhibitions, special events and activities, all of which are designed to offer an entertaining and informative visit to the Museum for all ages and backgrounds. A school's Learning Service connects the Corps' heritage with National Curriculum teaching in numerous subjects and the Museum is recognised for its expertise in museum-based science, technology, engineering and maths (STEM) teaching. Research facilities add a further opportunity for users, including serving Royal Engineers, to engage with the Collection and REM has significant relationships with Kent's further and higher education providers. The Museum is also strengthening its ties to the local community, as well as the Corps, through a growing programme of community engagement and outreach work.

In addition to the funding received from its partners, such as the Ministry of Defence, REM raises its own income. Ticket sales, room hire, a gift shop, digital image licensing and café all contribute to operational sustainability, whilst project based fundraising supports the REM's ambitious programme of development and modernisation.

The Museum employed 12 permanent and 9 casual and contracted staff members also relying heavily on the support given to it by a number of volunteers. This year, due to the Museum's closure under the Covid-19 pandemic restrictions, volunteer hours were reduced and totalled 92 working days, the equivalent of 0.4 full time-equivalent staff hours. Additional voluntary support is given by members of the Friends of the RE Museum as well as Museum Trustees.

Public Benefit Statement

Trustees have paid due regard to the Charity Commission's guidance on Public Benefit in deciding what activities the charity should undertake.

The charity presents and preserves its Designated museum, library & archive collection to government Accredited standards for the public benefit. Access to the Collection is available to visitors at convenient opening times and for a range of reasonable fees. It provides additional services including outward and inward loans of the Collection, special educational and family weekend events, guided tours for groups, National

Curriculum based schools activities at nominal charge, and schools and regimental outreach services. It supports research and scholarship, fostering ever-closer relations with universities, colleges and learned societies and it promotes partnership projects with the local community, local authority and local heritage attractions. REM supports volunteering, diversity and health programmes associated with volunteering as well as providing training and skills development opportunities for soldiers and the local community through its projects. The greatest proportion of beneficiaries of its service is the general public.

The charity also provides a broader benefit by educating the public about the character, activities, capabilities and heritage of the Corps of Royal Engineers and hence of the British Army; by commemorating those who have lost their lives or suffered injury in the service of the public of the United Kingdom; by strengthening the links between the military and civilian communities and by assisting service personnel more effectively to perform their military role. It achieves the latter by recording and presenting their deeds and works, both civil and military, and those of their forbears, helping to inculcate and inspire an ethos and esprit de corps that supports the efficiency of the Corps of Royal Engineers and thereby the efficiency of the Armed Forces of the Crown by enhancing the British Army's capability to undertake the roles demanded of it including the defence of the United Kingdom and its interests.

SECTION B: ACHIEVEMENTS AND PERFORMANCE

The Museum has, for the second successive year, been significantly impacted by the 2020-21 Covid-19 Pandemic. The UK Government continued implementation of emergency measure aimed at preventing the spread of the disease, continued a second national lockdown, social distancing and further restrictions that have affected enormous sections of the UK population and economy. As a result, and in line with restrictions mandating, the closure of museums, similar sites and attractions, the RE Museum remain closed from the 6th January 2020 to the 18th May 2021, opening for only 186 of its usual 300 open days.

As with 2020, the Museum has carefully planned events and activities in order to minimise the impact of closure and resultant reduction in visitor numbers and revenue. It renewed its Covid-19 safety measures, in line with Visit England's 'Good to Go' accreditation, reinstating social distancing, additional cleaning measures and online booking. Of particular note was the return of the extremely popular Wartime Christmas special event and the UXBs to IEDs special weekend, ran in conjunction with the Royal Engineers Association's Bomb Disposal branch. Between 18th May and 20th December 2021 the Museum received 10,126 visitors, about 73% of those visiting during the same period pre-pandemic.

The Archive and Library Transformation Project has been the primary focus of activity this year. The historic archive and library collection had, for approximately fifty years, been held in a building within the Royal School of Military Engineering. This space put the Collection at significant risk of deterioration and underuse, having poor environmental controls, limited public access and no room to grow. In 2017 however, Museum Trustees approved a plan to move the library and archive into approx. 550m² of repurposed space within the main Museum building, co-locating the entire Collection for the first time, safeguarding its long term care, enabling growth and substantially improving public access. Designs for the £1.8 million project were approved in 2019 and contractors finally started on site in December 2020. The project was contracted and managed within the processes of the Museum's landlord, the Ministry of Defence and its estate management contract with Holdfast Training Services at the Royal School of Military Engineering, Chatham. This ensured that the new facilities would be adopted within the estate management contract and guarantees maintenance for the term of that contract. During the construction phase of the project the Collection was safeguarded and stored in a number of off-site facilities with REM curators managing the packing, transit and installation of 2000 linear meters of archive and library material.

The project has involved the creation of three new facilities within the Museum. New archive and library stores have maximised existing space through the use of mobile shelving and will now allow the Collection to grow in size within a controlled and appropriate environment. The Pasley Research Centre is an accessible and flexible space for individual or group study of the Collection at the heart of the Museum's galleries. A new exhibition gallery has increased the space available for temporary and touring exhibitions and will allow the Museum to host an ambitious exhibition programme aimed at diversifying and growing audiences.
The new archive and research facilities were successfully opened in September with the exhibition gallery opening a month later, its inaugural show being Doodle Bugs and Wheelbarrows: Explosive Engineering

through the Ages being launched by the Lord Lieutenant of Kent.

In addition to this project the Museum also continued its participation in the Making African Connections: Sudan and the Mahdiyya partnership with the University of Sussex. A project exhibition and workshops were delivered with the aim of improving and developing equality of access for new audiences. This project has also been a catalyst to the Museum's internal conversations surrounding the Collection and colonial legacies and will form a template for future projects. The project has been used as a case study for best practice by Arts Council England.

Trustees have committed to the development of the Museum's digital capabilities with the permanent employment of a Digital Collections Access Officer. Tasked with improving public access to and preservation of the Museum's growing number of digital assets this post holder joins a curatorial team that has reengaged volunteers and been able to continue with Collection audit, inventory and digitisation work. In April over 200,000 digitised World War Two RE records were released online and in partnership with Find My Past. Curatorial staff have also completed three years of cataloguing work that has facilitated the digitisation of over 150,000 World War One archives as part of The Ogiliby Muster online catalogue (managed and funded by the Army Museum Ogilby Trust).

The learning service opened again in September seeing a limited interest from schools that have continued to be badly affected by the Covid 19 pandemic, many planned visits have been cancelled due to pupil sickness.

The Museum has continued to develop its commercial activities, completing phase one of a shop stock improvement plan. This has increased spend in the small gift shop by 119% on 2019 figures.
In May a renewed Museum website was launched and now provides visitors with much more information about the Museum, the collection and our work as well as online booking, group booking and room hire information. The Museum also undertook a major revision of its human resources framework, engaging an external HR provider and updating both staff contracts and handbook in line with current legislation.

Primary measures of performance and impact:

The impact of Covid-19 and the Museum's closure in line with Government emergency measures has meant that many of our core activities have been extremely curtailed.

Activity	2021	2020	% Swing	Comment
(a)	(b)	(c)	(d)	(e)
Total actual visitors	10,126	6,675	+51	
Total outreach	431	267	+61	
School pupil engagements	298	542	-45	
Royal Engineer users	549	713	-23	
Repeat visitors	1081	1,376	-21	
Big Store CHDT visitors	26,786	43,200	-38%	
New Collection Acquisitions	71	50	+42	
Facebook Followers	8,847	8,452	+5	
Twitter Followers	4,821	4,531	+6	
Website sessions	43,569	21,000	+107	Renewed website launched in May 2021

SECTION C: FINANCIAL REVIEW

GENERAL REVIEW

The Trustees confirm that the accounts comply with the current statutory requirements of the charity's governing document.

The Royal Engineers Museum Committee (REMC) under powers delegated by the Trustees are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Funds and to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2005 and the Bye-Laws of the Institution of the Royal Engineers and for the preparation of the financial statements as required by law applicable to Charities in England and Wales.

In preparing the financial statements the REMC has:

- selected suitable accounting policies and applied them consistently
- made judgements and estimates that are reasonable and prudent
- stated whether applicable UK accounting standards and statements of practice have been followed
- prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in operation

The Treasurer is responsible for keeping a correct statement of the assets and liabilities of the funds pertaining to the Museum charity and shall keep such records, prepare such statements of accounts as are required annually by the auditors and periodically by the Council and which enable the Trustees to meet their Trustees responsibility to prepare financial statements for each financial year which give a true and fair view of the income and application of resources of the charity during the year and of its state of affairs at the end of the year.

The Trustees are also responsible for ensuring that the financial statements comply with the Charities Act 2011 and the Charities (Accounts and Reports) Regulations 2005. They shall make proper arrangements for the care of and disbursements made from the cash belonging to the Museum charity. The Trustees are responsible for safeguarding the Charity's assets and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities.

FINANCIAL SUMMARY

GENERAL

Net expenditure before other recognised gains was £1,536,311 (2020: net income of £39,252).

BALANCE SHEET

The accumulated funds decreased by £1,418,309, after making gains on investments of £118,002, to £2,139,591 (2020 increased by £112,483 to £3,557,900, after making gains on investments of £73,231).

Notes to the Statement of Financial Affairs and Balance Sheet provide supplementary information against each funding activity.

Royal Engineers Museum Fund

Trustees Report
For the year ended 31 December 2021

RESERVES POLICY

Trustees established the Museum Endowment Fund in order to offset running costs and any decline in REM's income from its major supporters, which include other Royal Engineer Charities and the Ministry of Defence. In this function it acts as a restricted reserve and currently stands at £995,089.

In 2020, the Museum Trustees reviewed the policy on cash reserves following the experience of the Covid-19 pandemic and agreed that a cash reserve of £200,000 should be maintained in order to ensure staff salaries and essential expenditure until further support from the Endowment Fund can be realised. It was not possible to maintain this level of reserves this year following the Museum's five-month closure. Whilst the policy remains set Trustees recognise that it will take time to build this level of cash reserve.

FUNDS

Endowment Fund

The purpose of the Endowment Fund is set out in the Rules of the Institution of the Royal Engineers (revised 2009) Section VII, paragraph 14. The Museum Endowment Fund is a restricted expendable endowment established in 1989. The primary purpose of the fund was to accrue and invest £500,000 and use the income generated from the investment to offset the operational running costs of REM. The value of investments at the close of 2020 was £1,565,562. The £500,000 target was achieved in 2006 and Trustees adopted a new overall target value of £2,000,000 with an interim target of £1,000,000.

In 2021, £114,000 from the Endowment Fund was used to balance an operational deficit that resulted from the emergency closure and restrictions imposed by Government in answer to the Covid-19 pandemic. £277,826 was withdrawn in support of the Archive and Library Project and a further £233,334 was used for this project pending receipt of a donation pledge for payment over 2022 and 2023.

Designated and Restricted Funds

The unrestricted funds of the Charity include four designated funds:

Friends of the Royal Engineers Museum
The Association of the Friends of the Royal Engineers Museum (FoREM) raises modest sums for the Museum. This money is held in a designated fund. Note 14 of the financial statements provide the financial details for the year.

Project - Museum Improvements

A second designated fund has been set up to assist with Museum improvements. Note 29 of the financial statements provides financial details. Following the completion of the Archive and Library Transformation Project in 2022, this fund will be closed.

Project – Museum Collection
A third designated fund has been set up to hold funds raised by the Museum through the legitimate sale of de-accessioned or un-accessioned items in the Collection under the Museum's disposal policy and procedures.

Such funds can only be used for the benefit of the Collection, either for acquisition of other items or for conservation projects and be used as partnership funding for grant applications to the same ends. Notes 15 and 22 of the financial statement provides financial details for the year.

Designated Projects
This fund was created to assist REM development projects. Funds have been directed towards the Archive and Library Transformation Project.

Bequests

In 2021 REM received bequests totalling £Nil (2020: £6,000). REM will ensure that any terms attached to a bequest are fulfilled appropriately.

INVESTMENT HOUSE & POLICY

Investment House

In 2019, the Armed Forces Common Investment Fund (AFCIF) completed the legal requirements to become a Charity Authorised Investment Fund (CAIF). On 6 December 2019, the CIF closed and the assets were transferred to the CAIF, on a one-for-one basis, which is being run with the same investment objective and policy. The objective of the Fund (as a CAIF) is unchanged and seeks to achieve real growth in capital and income over the long term by investment in a diversified portfolio/predominantly in equities.

Investment Performance

Investments delivered dividends of £41,348 in 2021 (2020: £53,200). During the period 1 January to 31 December 2021, the performance of the distribution units in the fund was +13.1% (2020: +9.0%) after fees and expenses. Since launch in September 2002, the fund has produced a return of +380.9%, +9.0% (2020: +325.10%, +8.22%). The fund's benchmark since inception has returned 346.3% and 8.0%.

REVIEW OF PRINCIPAL FUNDING SOURCES

Principal funding for Annual Running Costs in 2021 came from:

SOURCE	AMOUNT	% Annual running Costs
MOD GIA Personnel Grant	£228,528	8.72%
Revenue Income	£282,985	10.80%
Institution of Royal Engineers	£109,498	2.84%
Investments	£41,428	1.58%
RE Central Charitable Trust	£91,100	1.75%

Principal Sources of Development Project Funding:

SOURCE	AMOUNT
Grant Funding	£125,201

Principal Sources of Income for Museum Endowment Fund:

SOURCE	AMOUNT
Individual Subscriptions	£11,525

SECTION D - PLANS FOR THE FUTURE

In 2020 Trustees of the Museum undertook a governance review and, in 2021, agreed a substantial change of structure for the Museum. Recognising the constraints placed on the charity by its existing incorporation within the Royal Charter of the Institution of Royal Engineers, Trustees approved a plan which will see the closure of this Museum charity and the establishment of a new RE Museum CIO. This new charity will have greater liberty to recruit a diverse and experienced Trustee body, subject only to the unique needs of the Museum, It was felt that this would strengthen the long-term sustainability of the Museum and ensure its ongoing development and relevance to both the Corps of Royal Engineers and wider society. Work on this complex change will continue into 2022 with the Museum liaising with Charity Commission and key stakeholders.

Parallel to the work above is the development of a new strategic development plan for the Museum that will start to map out the work of the Museum for the coming 10 years. This will include plans to build audiences through the modernisation and diversification of services, including a major programme of gallery redevelopment and increasing digital outputs.

The Museum has set ambitious targets in visitor numbers and revenue for 2022 hoping to see a full recovery of business through the running of full public programme of exhibitions, events and activities aimed at encouraging new and returning visitors, rebuilding the audience that was lost over the last two years during the Covid-19 pandemic. The Museum will work with a variety of partners to deliver this programme, including the Corps of Royal Engineers, the Royal Engineers Associate, the British Nuclear Test Veterans association and a number of other arts and culture organisations. Curatorial team will continue to improve remote access to the collection through cataloguing and digitisation projects. Work will also begin on the establishment of a new collecting methodology, ensuring that the current work of the Corps is being reflected in the Collection and that serving Royal Engineers are engaged with the process.

COVID-19 Impact Statement

Trustees are aware of their responsibility to consider, as far as possible with the information available to them, the impact of the COVID-19 pandemic and its effect on the global economic climate, on all aspects of the charity's financial and narrative reporting.

Trustees confirm that all representations made in this report include due consideration of these factors. In particular this included, but is not limited to, the following:

- Appropriate disclosure has been included in the charity's narrative reporting regarding the impact of COVID-19 on the charity's performance during the period, Trustees assessment of principal risks and uncertainties and the future of the charity;
- The financial statements reflect the conditions which existed at the reporting date, to the extent that the spread of COVID-19 was known, together with its impact on the global economic climate. The effect of material non-adjusting events subsequent to the reporting date has been disclosed in the financial statements;
- Trustees have considered whether the charity's tangible fixed assets have been impaired due to COVID-19. Trustees have also considered whether their estimate of useful economic lives remains appropriate. Trustee consideration has included a review of the current market value of those assets and their future economic performance;
- Trustees have considered whether the net realisable value of stock has been affected by COVID-19;
- At the reporting date, any additional liabilities arising as a result of COVID-19 have been recognised.

Following review, Trustees believe they have continued to follow the principles of the Charity Governance Code and confirm the following:

- COVID-19 did not impact on the charity's payments to HMRC;
- The charity did not apply for any Government grants except the Job Retention Scheme (eight employees from January to May);
- As the charity operate a Defined Contribution Pension Scheme, and all employees continued to be fully paid, there was no impact on the scheme (less the impact on investments made by the pension provider) or pension deficit;
- The charity does not have any loans therefore financing or refinancing is not impacted;
- None of the physical checks (financial and stocktake) were replaced by virtual checks;
- COVID-19 had not impacted on the charity's reserves or governance (internal controls) and had a limited, predictable, effect on our achievements. Trustees do not envisage the current situation, at year-end, hindering our future plans;
- Investments suffered initially in a volatile market but recovered well which has been captured in the investment narrative of the report;

- Financial staff have reviewed their accounting policy for recognising legacy income to ensure that it remains appropriate in light of the situation;
- All grant commitments were met without postponement;
- Principal risks and uncertainties have been updated within the Risk Register to encompass lessons learnt from the COVID-19 pandemic.

SECTION E – STRUCTURE, GOVERNANCE AND MANAGEMENT

Charter of the Institution of Royal Engineers

The Institution of Royal Engineers is a Body Politic and Corporate whose objects are served by two charities, the Institution of Royal Engineers and the Royal Engineers Museum.

The Institution of Royal Engineers was established in 1875 and Incorporated by Royal Charter in 1923 - "having for its objects the general advancement of Military Science, and more particularly for promoting the acquisition of historical and scientific knowledge in relation to Engineering as applied to military purposes".

The Charter relates within the preamble to the Incorporation clause:

> 'And that a Museum has been formed at Chatham by the Institution containing objects of military importance and interest, and that many of its exhibits possess a high educational value'.

The Royal Engineers Museum, Charity No 295173, is therefore a connected charity to the Institution of Royal Engineers body politic and corporate and its Charity No 249882 and shares the same Trust instrument and Trustees. The Institution retains ownership of the historic Collection and its entire museum, library and archival holdings are Designated by the government and managed as a single entity by REM.

Management Delegations

The Council of the Institution of Royal Engineers, as Trustees of the two charities' legal objects, has overall responsibility for REM's charity policy. It delegates its authority for executive action to REM's committee, (REMC), which reports back to Council at least twice a year.

REMC's TOR are outlined in the Rules of the Institution of Royal Engineers (Revised 2009), section VII Standing Committees, paragraph 13. Its composition and responsibilities are elaborated in the Regulations of the Institution of Royal Engineers (revised 2009, 2011 and 1013), in Section IX RE Museum Library and Archive:

> *'REMC oversees staffing, policies, financial control and operational and development plans. To fulfil its Terms of Reference, REMC meets biannually, in the autumn, to establish the budget for the following calendar year and in the spring to review the audited accounts. The Committee is also the appropriate venue for reporting on progress and discussing strategic objectives and policy. REM also reports informally as required to the Chairman of the REMC who, with other Trustees, reports biannually to Council.'*

REMC in turn recruits and appoints a Museum Director with responsibility for the day-to-day running of the Museum as well as progressing a Trustee approved Strategic Plan.

Method of appointing Trustees

New Trustees are invited to hold office after discussion by the appropriate committee and at the personal invitation of the committee Chairman, President or his nominated representative. The nature and method of appointment of Trustees are detailed in the Charter's section on Bye-Laws of the Institution of Royal Engineers, subsections IV – Officers and V – The Council.

Trustee induction and training

Trustees receive regular professional training on their legal and financial responsibilities and an induction visit and pack on REM's operational and development programmes from the Museum Director. REMC members may also attend the annual Army Museum Ogilby Trust (AMOT) conference where experts report on specific governance and operational issues relating to museums and aspects affecting MOD or its Army charity partners. Trustees may also attend National Army Museum short courses and receive regular REM reports on specific and wider issues from its staff.

REM Partners and Networks

Institution of Royal Engineers (InstRE)

Under the Byelaws of the Institution of Royal Engineers (Revised 2009), Section X, paragraph 25(d), REM is 'financed from the fund of the Institution' as owner of the historic collection and that it may seek additional grants for the Museum from other RE Corps charities. This recognises that REM provides benefit to all members of the Corps, the Armed Forces and the general public and has not been for the exclusive benefit of the Institution's members for many decades. The Institution provided 15% of REM's 2021 budgeted operational income as part of its 'enduring support' as owner of the Collection. This was in the form of two routine RPI-linked grants.

Royal Engineers Central Charitable Trust (RECCT)

The Royal Engineers Central Charitable Trust (RECCT) provides an annual grant towards running costs including grant support for renting the Big Store in Chatham Historic Dockyard. In 2020, it provided 10% of REM's budgeted operational charity income as part of its 'enduring support'.

Ministry of Defence (MOD)

Under the existing MOD Policy for National, Regimental and Corps Museums, REM continues to receive its support. This support comprises the Grant in Aid funding of approximately 45% of REM's staff costs and the occupation and maintenance of four buildings and their adjacent grounds as per the 2001 lease and 2015 supplemental lease agreed between the Institution of Royal Engineers (Body Politic) and the Secretary of State for Defence.

The Friends of the Royal Engineers Museum (FoREM)

The Association of the Friends of the Royal Engineers Museum (FoREM) was developed from the RE Historical Association and established by the Trustees in 1987 to support the Museum. There are around 250 members. FoREM publicises REM, sponsors displays, purchases artefacts and equipment, and raises modest sums for the charity.

Chatham Historic Dockyard Trust (CHDT)

From 2008, REM entered a heritage partnership and commercial leasehold with Chatham Historic Dockyard Trust for 1,000 sq. m. of storage and display space for large items alongside similar amounts and types pf dockyard equipment and for access to over 2,000 sq. m. of space for fund raising events. Both museums are also members of the Kent Medway Museum Partnership and regularly collaborate, along with its other members, on projects and grant funding opportunities.

RISK MANAGEMENT STATEMENT

The Trustees have given consideration to the major risks to which the charity is exposed. They have reviewed the Risk Register during 2021 and are satisfied that systems have been established to mitigate those risks. The Register encompasses legislative obligations placed on REM as a workplace and public attraction.

An order from the Charity Commission, authorising the Trustees to provide indemnity insurance for themselves out of the charity funds, was issued on 15 September 2001. Trustees believe there is a continued need for this cover which was extended to key executives and further enhanced during 2016.

SECTION E – REFERENCE AND ADMINISTRATIVE DETAILS

Royal Engineers Museum

Registered Charity Number: 295173

Principal Address: Royal Engineers Museum
Brompton Barracks
Chatham
Kent
ME4 4UG

Royal Engineers Museum Fund

Reference and administrative details of the charity, its trustees and advisers
For the year ended 31 December 2021

Trustees

The Council of the Institution of Royal Engineers was formed of the following individuals:

President

Major General N J Cavanagh CB	2018	

Vice Presidents

Major General D W Southall CBE*	2020	Elected VP at the AGM 2020
Brigadier PJ Rowell MBE*	2019	Elected VP at the AGM 2019
Brigadier R C Brown	2019	Elected VP at the AGM 2019
Colonel J L Prichard*	2020	Elected VP at the AGM 2019

Members

Ex Officio

Comd 8 Engr Bde	Brigadier J E Fossey OBE	Completion of tenure 2021
	Brigadier D J Bickers MBE	September 2021
Comd 25 (CS) Engr Gp	Colonel S W Davies	July 2019
Dep Hd Plans NCGI and CRE (Geo)	Colonel R M Blunt	August 2019
Corps Colonel	Colonel M Quare MBE ADC*	September 2017
Secretary REHS	Lieutenant Colonel S F Scullion	September 2016
Corps Sergeant Major	WO1 P Clark*	Completion of tenure 2021
	WO1 M D Elliott MBE*	May 2021

Elected

Colonel D Gray TD VR	2018
Major B Edwards	2017
Major H M M Stamp	2020
WO2 P D Egan	2017
Staff Sergeant D M Stones	2017

REMC Voting non-Trustee

Sir Robert Crawford CBE*	Elected 2013

Secretary & Chief Executive

Colonel (Retired) J D Acornley*	2019

Treasurer

Major (Retired) I Sidebottom*	2013

Museum Director

Mrs R M S Nash*	Appointed 2016

NB * indicates Members of REM Committee

Independent auditor

Kreston Reeves LLP
Chartered Accountants
Montague Place
Quayside
Chatham Maritime
Chatham
Kent
ME4 4QU

Bankers

Lloyds plc
Piccadilly Branch
PO Box 1000
London
BX1 1LT

Solicitors

Furley Page LLP
39 St Margaret's Street
Canterbury
Kent
CT1 2TX

Investment Manager

BlackRock Investment Managers Ltd
12 Throgmorton Avenue
London
EC2N 2DL

REM Committee Advisors

Mr E Woollard
Tourism and Heritage Manager
Medway Council

Approved by the Trustees and signed on behalf of the Trustees 5th April 2022.

Mrs R M S Nash
Director REM

Independent auditor's report to the Trustees of Royal Engineers Museum Fund

We have audited the financial statements of Royal Engineers Museum Fund (the 'charity) for the year ended 31 December 2021 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

The financial statements have been prepared in accordance with Accounting and Reporting by Charities in preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2019.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 December 2021 and of its income and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statement or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact.

Independent Auditor's report to the Trustees of Royal Engineers Museum Fund (continued)

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities of Trustees and auditor

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA's (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Capability of the audit in detecting irregularities, including fraud

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks.

Based on our understanding of the charity and sector, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Statement of Recommended Practice. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the audit engagement team included:

Independent Auditor's report to the Trustees of Royal Engineers Museum Fund (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud; and
- Assessment of identified fraud risk factors; and
- Review of cash expenditure to confirm no evidence of personal benefit; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Reading minutes of meetings of those charged with governance; and
- Physical inspection of tangible assets susceptible to fraud or irregularity; and
- Review of significant and unusual transactions; and
- Identifying and testing journal entries, in particular any manual entries made at the year-end for financial statement preparation.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in my Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of my Auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's report to the Trustees of Royal Engineers Museum Fund (continued)

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Kreston Reeves LLP
Chartered Accountants
Statutory Auditor
Chatham Maritime
Date: 27 June 2022

Kreston Reeves LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

Royal Engineers Museum Fund

Statement of financial activities
For the year ended 31 December 2021

	Note	Unrestricted funds 2021	Restricted funds 2021	Endowment funds 2021	Total funds 2021	Total funds 2020
		£	£	£	£	£
Income and endowments from:						
Donations and legacies	3	**618,031**	**125,000**	**11,525**	**754,556**	720,086
Other trading activities	9	**94,281**	**-**	**-**	**94,281**	62,114
Investments	16	**41,428**	**-**	**-**	**41,428**	53,459
Other income	17	**194,450**	**-**	**-**	**194,450**	-
Total income		**948,190**	**125,000**	**11,525**	**1,084,715**	835,659
Expenditure on:						
Raising funds	10	**28,121**	**-**	**-**	**28,121**	24,854
Charitable activities	18	**1,621,504**	**971,402**	**-**	**2,592,905**	771,553
Total expenditure		**1,649,624**	**971,402**	**-**	**2,621,026**	796,407
Net income/(expenditure) before revaluations		**(701,434)**	**(846,402)**	**11,525**	**(1,536,311)**	39,252
Net gains on investments	27	**-**	**-**	**118,002**	**118,002**	73,231
Net income before transfers		**(701,434)**	**(846,402)**	**129,527**	**(1,418,309)**	112,483
Transfers between Funds	30	**629,533**	**(4,373)**	**(625,160)**	**0**	-
Net movement in funds for year		**(71,901)**	**(850,775)**	**(495,633)**	**(1,418,309)**	112,483
Total funds at 1 January 2021		914,620	1,152,558	1,490,722	3,557,900	3,445,417
Total funds at 31 December 2021		**842,719**	**301,783**	**995,089**	**2,139,591**	3,557,900

All activities relate to continuing operations.

The notes on pages 20 to 42 form part of these financial statements.

Royal Engineers Museum Fund

Balance sheet
As at 31 December 2021

	Note	£	2021 £	£	2020 £
Fixed assets					
Tangible assets	26		**472,625**		528,347
Investments	27		**983,564**		1,565,562
			1,456,189		2,093,909
Current assets					
Stock		**10,674**		7,003	
Debtors: amounts falling due after more than one year	28	**233,333**		400,000	
Debtors: amounts falling due within one year	28	**254,143**		26,387	
Cash at bank		**327,416**		1,034,574	
		825,566		1,467,964	
Creditors: amounts falling due within one year	29	**(142,164)**		(3,973)	
Net current assets			**683,402**		1,463,991
Net assets			**2,139,591**		3,557,900
Charity Funds					
Endowment funds	30		**995,089**		1,490,722
Restricted funds	30		**301,783**		1,152,558
Unrestricted funds	30		**842,719**		914,620
Total funds			**2,139,591**		3,557,900

The financial statements were approved by the Trustees on 5th April 2022 and signed on their behalf, by:

Brigadier P J Rowell MBE - Trustee

Colonel M Quare MBE ADC - Corps Colonel Ex Officio Member

The notes on pages 20 to 42 form part of these financial statements.

Royal Engineers Museum Fund

Statement of Cash Flows
For the year ended 31 December 2021

	Note	2021	2020
		£	£
Net cash used in operating activities	34	**(1,372,741)**	113,815
Cash flows from investing activities			
Interest and dividends		**41,428**	53,459
Purchase of tangible fixed assets		**(40,871)**	(96,074)
Disposal of fixed asset investments		**665,026**	-
Cash provided by (used in) investing activities		**665,583**	(42,615)
Increase (decrease) in cash and cash equivalents in the year		**(707,158)**	71,200
Cash and cash equivalents at the beginning of the year		**1,034,574**	963,374
Total cash and cash equivalents at the end of the year		**327,416**	1,034,574

Analysis of changes in net debt

	At 31 Jan 2021	Cashflows	At 31 Dec 2021
	£	£	£
Cash and cash equivalents			
Cash	**1,034,574**	**(707,158)**	**327,416**

Notes to the financial statements
For the year ended 31 December 2021

1 General administrative Information

Royal Engineers Museum Fund is an unincorporated charity in England and Wales with the charity registration number 295173. The address of the registered office is Headquarters Royal Engineers, Ravelin Building, Brompton Barracks, Chatham, Kent, ME4 4UG. The charity's principal objectives continue to be to collect, preserve and present accessibly the military and civil work, deeds and history of The Corps of Royal Engineers and to educate and promote scholarship therein for members of the Corps, the wider Armed Forces and the general public and, thereby, to contribute positively to the proficiency reputation and efficiency of the Corps, the recruitment and inspiration of its members and the benefit of the public.

2 Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Royal Engineers Museum Fund meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

2.2 Preparation of the accounts on a going concern basis

The Trustees assess whether the use of going concern is appropriate, i.e.,whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Charity to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Charity has adiquate resources to continue in operationexistence for the foreseeable future and there are no material uncertainties about the Charity's ability to contine as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

2 Accounting policies (continued)

2.3 Fund accounting

Unrestricted funds represent unrestricted funds, which are expendable, at the discretion of the Trustees in the furtherance of the objects of the charity. Such funds may be held in order to finance both working capital and capital investment.

Endowment funds represent an expendable endowment, where the endowed capital can be converted to income.

Designated funds:

FoREM is a fund set up at the request of the Trustees to enable volunteers to support the museum.

Projects:

Museum improvements relate to the museum improvement to which a capital grant was made.

Collection fund represents income recovered from the sale of heritage assets and which in accordance with the MLA/DCMS guidelines, can only be expended on the collection.

MLA & Wolfson Trust represents grant income against specific expenditure.

Investment income, gains and losses are allocated to the appropriate fund.

2.4 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

2.5 Expenditure

Liabilities are recognised as expenditure as soon as there is an obligation to committing the trust to the expenditure. All expenditure is accounted for on an accruals basis.

The costs of generating funds consist of investment management and certain legal fees.

Cost of charitable activities includes grants made and the apportionment of support costs shown in note 16.

Overhead and support costs that cannot be attributed direct to a charitable activity have been allocated on a percentage basis of time, space or cost against the activity.

2.6 Tangible fixed assets and depreciation

All assets costing more than £250 are capitalised and all assets are valued at historic cost. Depreciation is charged on assets using a straight-line basis over their estimated life as follows:

Museum improvements	-	10 - 20% per annum on cost
General property	-	10 - 20% per annum on cost

2 Accounting policies (continued)

2.7 Investments

Investments held as fixed assets are included in the accounts at valuation based on their bid price at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

2.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.9 Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.10 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

2.11 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2.12 Pensions

The charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charity to the fund in respect of the year.

2 Accounting policies (continued)

2.13 Heritage assets

When the Museum and Archive Collection moved to the Ravelin Building in 1986 it encompassed about 15,000 diverse items. Its accession register now has over 32,000 entries of which over 17,000 are objects, 2,200 are books, and 3,000 are maps and prints and the rest are archival collections of greater quantity than the accession entry indicates and includes examples such as Wellington's dispatches from the Peninsular War. Around 7,500 items are on display in 25 galleries. The Library and its Archive contains about 32,000 books, a further 3,000 maps, plans and prints, over 700 films, around 340,000 historic photos, slides and glades slides going back to the origins of the medium and 650,000 archival records and specifications.

Trustees believe that it would prove onerous and exceedingly expensive to value the extensive and diverse historical RE Museum & Library heritage assets. A curatorial register of heritage assets is maintained.

Trustees introduced a policy in 2011 whereby individual museum exhibits are capitalised if their cost exceeds £500. Heritage assets acquired since the introduction of SORP 2005 are valued. Heritage assets represent museum exhibits within unrestricted funds.

2.14 Tender policy

Trustees introduced a tender policy that covers expenditure:
a. Between £2,500 and £5,000 - three recorded phone quotations
b. Between £5,000 and £10,000 - three written quotations from suppliers
c. Over £10,000 - internal tender board selection from written quotations

2.15 Donated services and facilities

The cost of donated services is included in income at a valuation which is an estimate of the financial cost borne by the donor where such cost is quantifiable and measurable. This amount is matched by donated expenditure, apportioned against charitable activities and support.

3 Donations and legacies

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £	Total funds 2020 £
Donations	4	**18,882**	-	-	**18,882**	100,413
Legacies	5	-	-	-	-	6,000
Grants	6	**457,869**	**125,000**	-	**582,869**	393,755
Endowment fund subscriptions	7	-	-	**11,525**	**11,525**	11,302
Donated services and facilities	8	**122,711**	-	-	**122,711**	153,515
Government grants receivable		**15,958**	-	-	**15,958**	55,101
Collection fund Grant		**2,424**			**2,424**	-
Compensation Claim		**187**	-	-	**187**	-
		618,031	**125,000**	**11,525**	**754,556**	720,086

Income from Donations and legacies was £754,556 (2020: £720,086) of which £618,031 was unrestricted (2020: £638,784), £125,000 was restricted (2020: £70,000) and £11,525 was endowment (2020: £11,302).

4 Donations

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £	Total funds 2020 £
Individuals	**1,375**	-	-	**1,375**	521
Museum visitors	**473**	-	-	**473**	509
Just Giving/Donations for Steer-Webster/Mulberry Harbour Plans	-	-	-	-	56,233
Just Giving/Donations for Lt John Chard Papers	**226**	-	-	**226**	43,150
101 Engr Regt	**5,000**	-	-	**5,000**	-
Friends Of National Museum	**5,000**	-	-	**5,000**	-
Victoria & Albert	**5,100**	-	-	**5,100**	-
Virgin Money/Archive & Library	**1,708**	-	-	**1,708**	-
	18,882	-	-	**18,882**	100,413

5 Legacies

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £	Total funds 2020 £
Legacies	-	-	-	-	6,000

6 Grants

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £	Total funds 2020 £
Royal Engineers Central Charitable Trust (RECCT)	**46,100**	**45,000**	**-**	**91,100**	38,000
Institution of Royal Engineers - RE Museum	**31,744**	**35,000**	**-**	**66,744**	71,122
Institution of Royal Engineers - RE Library and Archive	**42,754**	**-**	**-**	**42,754**	52,295
RE Association	**452**	**45,000**	**-**	**45,452**	31,899
Brighton & Hove CC	**423**	**-**	**-**	**423**	1,245
AMOT	**-**	**-**	**-**	**-**	2,082
Rochester Bridge Trust	**3,000**	**-**	**-**	**3,000**	-
University of Sussex	**3,750**	**-**	**-**	**3,750**	3,000
FoREM	**14,000**	**-**	**-**	**14,000**	-
Foundation	**87,118**	**-**	**-**	**87,118**	-
Grant in Aid - AMOT	**228,528**	**-**	**-**	**228,528**	194,112
	457,869	**125,000**	**-**	**582,869**	393,755

7 Endowment fund subscriptions

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £	Total funds 2020 £
Endowment fund subscriptions	**-**	**-**	**9,510**	**9,510**	9,236
Tax refund	**-**	**-**	**2,015**	**2,015**	2,066
	-	**-**	**11,525**	**11,525**	11,302

8 Donated services and facilities

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £	Total funds 2020 £
MOD salaries	-	-	-	-	36,932
Gas	24,613	-	-	24,613	24,439
Electricity	29,119	-	-	29,119	28,773
Water and sewage	11,786	-	-	11,786	11,613
Community charge	5,574	-	-	5,574	5,519
Administrative utility costs	20,189	-	-	20,189	19,769
Administration salaries	42,709	-	-	42,709	38,929
	133,991	-	-	133,991	165,974

9 Other trading activities

		Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £	Total funds 2020 £
Education and promotional events	10	21,963	-	-	21,963	15,960
Primary Trading	11	4,487	-	-	4,487	1,406
Café Trading	12	11,087	-	-	11,087	5,527
Museum entrance fee	13	46,236	-	-	46,236	33,737
FoREM	14	7,121	-	-	7,121	4,119
Foundation		587	-	-	587	661
Research/Digital Images		1,855	-	-	1,855	94
Sale of collection items	15	945	-	-	945	610
		94,281	-	-	94,281	62,114

In both 2020 and 2021, the income from other trading activities was unrestricted.

Notes to the financial statements
For the year ended 31 December 2021

10 Education and promotional events

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income					
Entrance fee	**5,824**	-	-	**5,824**	2,963
Outreach/Workshop	**750**	-	-	**750**	-
Guide/curator	**250**	-	-	**250**	69
Donations	**1,808**	-	-	**1,808**	394
Catering	**1,081**	-	-	**1,081**	-
Talks	-	-	-	-	75
Room Hire	**913**	-	-	**913**	-
Commission	**57**			**57**	-
	10,683	-	-	**10,683**	3,501
Donated services and facilities	**11,280**	-	-	**11,280**	12,459
	21,963	-	-	**21,963**	15,960
Expenditure					
Catering	**521**	-	-	**521**	185
Entertainment	**1,625**	-	-	**1,625**	120
Support costs	**1,133**	-	-	**1,133**	468
Publicity	**30**	-	-	**30**	390
Staff costs	**13,314**	-	-	**13,314**	11,073
Depreciation	**218**	-	-	**218**	159
	16,841	-	-	**16,841**	12,395
Donated services and facilities	**11,280**	-	-	**11,280**	12,459
	28,121	-	-	**28,121**	24,854
Net expenditure	**(6,158)**	-	-	**(6,158)**	(8,894)

11 Primary Trading

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income					
Sales	**7,816**	-	-	**7,816**	3,493
	7,816	-	-	**7,816**	3,493
Expenditure					
Opening Stock	**(6,742)**	-	-	**(6,742)**	(1,687)
Purchases	**(6,981)**	-	-	**(6,981)**	(7,142)
Closing Stock	**10,394**	-	-	**10,394**	6,742
	(3,329)	-	-	**(3,329)**	(2,087)
Profit/Loss	**4,487**	-	-	**4,487**	1,406

12 Café Trading

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income					
Sales	**18,460**	-	-	**18,460**	11,814
	18,460	-	-	**18,460**	11,814
Expenditure					
Opening Stock	**(261)**	-	-	**(261)**	(290)
Stock Purchases	**(6,574)**	-	-	**(6,574)**	(5,435)
Disposable Purchases	**(818)**	-	-	**(818)**	(823)
Closing Stock	**280**	-	-	**280**	261
	(7,373)	-	-	**(7,373)**	(6,287)
Profit/Loss	**11,087**	-	-	**11,087**	5,527

13 Museum entrance fee

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £	Total funds 2020 £
Entrance tickets	**39,670**	-	-	**39,670**	29,365
Tax refund	**6,566**	-	-	**6,566**	4,372
Previous year tax debtor	-	-	-	-	-
	46,236	-	-	**46,236**	33,737

14 FoREM

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £	Total funds 2020 £
Subscriptions (gross)	**2,884**	-	-	**2,884**	3,648
Donations	**456**	-	-	**456**	471
Medway FoREM	**3,781**	-	-	**3,781**	-
	7,121	-	-	**7,121**	4,119

15 Collection fund

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £	Total funds 2020 £
Sale of collection items	**945**	-	-	**945**	610

16 Investment Income

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £	Total funds 2020 £
Dividends	41,348	-	-	41,348	53,200
Bank interest	80	-	-	80	259
	41,428	-	-	41,428	53,459

BlackRock charge a headline fee of 0.4% against the pooled funds of AFCIF. As at 31st December 2015, 10% of the fund was outsourced to third party managers through an open architecture investment initiative. Identifying management costs against individual funds in the AFCIF is therefore very complicated. BlackRock consulted with the Charities Commission who declared to BlackRock Investment Managers that there is no requirement to identify management costs against pooled investments.

In both 2020 and 2021, the investment income was unrestricted.

17 Other income

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total 2021 £	Total 2020 £
HMRC VAT Reclaim	194,450	-	-	194,450	-

18 Charitable Activities

		Direct costs 2021	Support costs 2021	Total 2021	Total 2020
		£	£	£	£
FoREM	Note 19	**14,000**	**483**	**14,483**	367
Foundation		**87,118**	**-**	**87,118**	50
Visitor Engagement	Note 20	**1,750,854**	**475,388**	**2,226,242**	489,506
Learning	Note 21	**844**	**56,010**	**56,854**	66,201
Operations & Management	Note 22	**5,312**	**106,233**	**111,545**	104,276
Collections Management	Note 23	**6,436**	**87,805**	**94,241**	109,571
Collection Fund		**2,423**	**-**	**2,423**	1,582
		1,866,987	**725,919**	**2,592,906**	771,553

Expenditure on charitable activities was £2,592,906 (2020: £771,553) of which £1,621,504 was unrestricted (2020: £682,219) and £971,402 was restricted (2020: £35,924).

19 FoREM

	2021 £	2020 £
Direct costs		
Grants	**14,000**	-
	14,000	-
Support costs		
Publications	**266**	259
Miscellaneous costs	**217**	108
	483	367
	14,483	367

20 Visitor Engagement

	2021	2020
	£	£
Direct costs		
Galleries & Exhibitions	**1,775**	279
Collection Management	**492**	555
Projects	**1,748,587**	-
	1,750,854	834
Support costs		
Dockyard Rent	**7,308**	-
Seminars and courses	**92**	149
Travel and subsistence	**-**	146
IT support	**6,804**	5,204
Legal Fees	**28**	1,228
Professional Fees	**4,298**	2,063
Insurance	**2,983**	1,417
Subscriptions	**501**	593
Miscellaneous support	**1,972**	2,354
Volunteers expenses	**238**	360
Staff costs	**276,051**	240,363
Depreciation	**87,156**	117,650
Donated services & facilities	**87,957**	117,145
	475,388	488,672
	2,226,242	489,506

Notes to the financial statements
For the year ended 31 December 2021

21 Learning

	2021	2020
	£	£
Direct costs		
Equipment	**844**	1,171
Bridge Building/Prizes	**-**	604
	844	1,775
Support costs		
Seminars and courses	**58**	-
Travel and subsistence	**43**	231
IT support	**1,201**	1,609
Legal Fees	**2**	92
Professional Fees	**1,250**	600
Insurance	**2,983**	-
Subscriptions	**-**	139
Miscellaneous costs	**1,643**	1,617
Staff costs	**37,095**	46,254
Depreciation	**1,367**	1,372
Donated services & facilities	**10,367**	12,512
	56,010	64,426
	56,854	66,201

Notes to the financial statements
For the year ended 31 December 2021

22 Operations & Management

	2021	2020
	£	£
Direct costs		
Marketing	**5,312**	12,893
Fundraising	**-**	41
	5,312	12,934
Support costs		
Seminars and courses	**711**	214
Travel and subsistence	**-**	431
IT support	**15,574**	3,096
Legal Fees	**2**	92
Professional Fees	**1,172**	563
Insurance	**4,135**	6,425
Subscriptions	**1,265**	721
Miscellaneous support costs	**2,130**	2,651
Volunteer Expenses	**23**	35
Staff costs	**68,985**	65,471
Depreciation	**1,869**	1,286
Donated services & facilities	**10,367**	10,357
	106,233	91,342
	111,545	104,276

23 Collections Management

	2021	2020
	£	£
Direct costs		
Internal conservation	**762**	1,105
External conservation	**-**	1,689
Museum maintenance	**5,674**	3,203
	6,436	5,997
Support costs		
Seminars and courses	**127**	60
Travel and subsistence	**402**	802
IT support	**1,418**	1,692
Legal Fees	**2**	92
Professional Fees	**547**	263
Insurance	**2,983**	5,452
Subscriptions	**78**	139
Miscellaneous support costs	**1,733**	1,669
Volunteer Expenses	**65**	99
Staff costs	**60,448**	68,183
Depreciation	**5,983**	11,623
Donated services & facilities	**14,019**	13,500
	87,805	103,574
	94,241	109,571

24 Net income/(expenditure)

This is stated after charging:

	2021	2020
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	**96,593**	132,091
Auditor's remuneration	**1,650**	1,650

During the year, no Trustees received any remuneration (2020: £Nil).
During the year, no Trustees received any benefits in kind (2020: £Nil).
During the year, no Trustees received reimbursement of expenses (2020: £Nil).

25 Staff costs

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	**395,992**	375,795
Social security costs	**31,397**	29,751
Other pension costs	**27,990**	25,797
	455,378	431,343

The average monthly number of employees during the year was as follows:

	2021 No.	2020 No.
Management and administration of the charity	**16**	15

No employee received remuneration amounting to more than £60,000 in either year.
The total employment benefits including employer pension contributions of the key management personnel were £57,423 (2020: £60,353)

26 Tangible fixed assets

	Heritage assets £	Fixtures & fittings £	Other fixed assets £	Total £
Cost				
At 1 January 2021	**21,832**	**64,326**	**1,579,404**	**1,665,562**
Additions	**-**	**3,168**	**37,703**	**40,871**
At 31 December 2021	**21,832**	**67,494**	**1,617,107**	**1,706,433**
Depreciation				
At 1 January 2021	**-**	**53,314**	**1,083,901**	**1,137,215**
Charge for the year	**-**	**5,542**	**91,051**	**96,593**
At 31 December 2021	**-**	**58,856**	**1,174,952**	**1,233,808**
Net book value				
At 31 December 2021	**21,832**	**8,638**	**442,155**	**472,625**
At 31 December 2020	21,832	11,012	495,503	528,347

27 Fixed asset investments

	Listed securities
Market value	**£**
At 1 January 2021	**1,565,562**
Disposals	**(665,026)**
Revaluations	**83,028**
At 31 December 2021	**983,564**
Historical cost	**392,328**

Investments at market value comprise:

	2021	2020
	£	£
Listed investments	**983,564**	1,565,562

All the fixed asset investments are held in the UK.

Material investments

All invested funds at the balance sheet date were held in the BLK Armed Forces Charities Growth and Income Fund, managed by BlackRock Investment Managers Limited.

28 Debtors

	2021	2020
	£	£
Due after more than one year		
Other debtors	**233,333**	400,000

	2021	2020
	£	£
Due within one year		
Trade debtors	**1,553**	-
Other debtors	**247,852**	24,833
Prepayments and accrued income	**4,738**	1,554
	254,143	26,387

29 Creditors:
Amounts falling due within one year

	2021	2020
	£	£
Trade creditors	**3,814**	1,878
Other creditors	**138,164**	2,065
Accruals and deferred income	**186**	30
	142,164	3,973

Notes to the financial statements
For the year ended 31 December 2021

30 Statement of funds

Current year	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Designated projects	369,565	125,201	(591,456)	516,989		420,299
FoREM	23,639	7,121	(14,483)	58	-	16,335
Foundation	86,542	586	(87,118)	(10)	-	0
Collection	9,582	945	(2,424)	-	-	8,103
Museum improvements	88,889	-	(23,764)	(813)		64,312
	578,217	133,853	(719,245)	516,224	-	509,049
General funds						
General	336,403	814,337	(930,379)	113,309		333,670
Total Unrestricted funds	914,620	948,190	(1,649,624)	629,533	-	842,719
Endowment funds						
Endowment fund	1,490,722	11,525	-	(625,160)	118,002	995,089
Restricted funds						
Transformation/Bahrain	1,000,000	-	(766,667)	-	-	233,333
Wolfson	6,188	-	(2,438)	-	-	3,750
Arts Council - Capturing Cultures	11,296	-	(5,493)	-	-	5,803
Arts Council - Unlock	8,057	-	(2,105)	-	-	5,952
Arts Council - 100 Objects	4,495	-	-	(4,495)	-	-
AIM	2,250	-	(450)	-	-	1,800
Transformation/BR200 Archive	5,650	-	(4,429)	4,429	-	5,650
RECCT/BR200 Archive & Lib	40,000	45,000	(74,878)	-	-	10,122
REA/BR200 Archive & Lib	30,000	45,000	(75,000)	-	-	-
Institution of RE/BR200 A&L	-	35,000	(35,000)	-	-	-
BR300 Infrastructure/Store	12,880	-	(1,056)	(4,429)	-	7,395
RECCT/BR300 Infra & Store	24,000	-	(3,000)	-	-	21,000
HLF	6,079	-	(886)	122	-	5,315
Nat Lottery Award/Peace Proj	1,663	-	-	-	-	1,663
Total Restricted Funds	1,152,558	125,000	(971,402)	(4,373)	-	301,783
Total of funds	3,557,900	1,084,715	(2,621,026)	0	118,002	2,139,591

30 **Statement of funds (continued)**

Prior year	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Designated projects	299,254	107,609	(42,391)	5,093	-	369,565
FoREM	19,915	4,090	(366)	-	-	23,639
Foundation	85,931	661	(50)	-	-	86,542
Collection	10,554	610	-	(1,582)	-	9,582
Museum improvements	140,033	-	(50,757)	(387)	-	88,889
	555,687	112,970	(93,564)	3,124	-	578,217
General funds						
General	365,059	586,286	(611,818)	(3,124)	-	336,403
Total Unrestricted funds	920,746	699,256	(705,382)	-	-	914,620
Endowment funds						
Endowment fund	1,406,189	11,302	-	-	73,231	1,490,722
Restricted funds						
Transformation/Bahrain	1,000,000	-	-	-	-	1,000,000
Soffe Legacy	6,728	-	(6,728)	-	-	-
Wolfson	22,039	-	(15,851)	-	-	6,188
Arts Council - Capturing Cultures	16,790	-	(5,494)	-	-	11,296
Arts Council - Unlock	10,162	-	(2,105)	-	-	8,057
Arts Council - 100 Objects	4,850	-	(355)	-	-	4,495
AIM	2,700	-	(450)	-	-	2,250
Transformation/BR200 Arch&Lil	5,650	-	-	-	-	5,650
RECCT/BR200Archive & Librar	-	40,000	-	-	-	40,000
REA/BR200 Archive & Library	-	30,000	-	-	-	30,000
BR300 Infrastructure/Stores	13,936	-	(1,056)	-	-	12,880
RECCT/BR300Infra & Stores	27,000	-	(3,000)			24,000
HLF	6,964	-	(885)	-	-	6,079
Nat. Lottery Award/Peace Proj	1,663	-	-	-	-	1,663
Total Restricted Funds	1,118,482	70,000	(35,924)	-	-	1,152,558
Total of funds	3,445,417	780,558	(741,306)	-	73,231	3,557,900

Notes to the financial statements
For the year ended 31 December 2021

31 Analysis of net assets between funds

Current year	Unrestricted funds	Restricted funds	Endowment funds	Total funds	Total funds
	2021 £	2021 £	2021 £	2021 £	2020 £
Tangible fixed assets	**404,175**	**68,450**	**-**	**472,625**	528,347
Fixed asset investments	**-**	**-**	**983,564**	**983,564**	1,565,562
Debtors due after more than 1 year	**-**	**233,333**	**-**	**233,333**	400,000
Debtors	**254,143**	**-**	**-**	**254,143**	26,387
Current assets	**326,565**	**-**	**11,525**	**338,090**	1,041,577
Creditors due within one year	**(142,164)**	**-**	**-**	**(142,164)**	(3,973)
	842,719	**301,783**	**995,089**	**2,139,591**	3,557,900

Prior year	Unrestricted funds	Restricted funds	Endowment funds	Total funds	Total funds
	2020 £	2020 £	2020 £	2020 £	2019 £
Tangible fixed assets	**375,789**	**152,558**	**-**	**528,347**	564,364
Fixed asset investments	**-**	**-**	**1,565,562**	**1,565,562**	1,492,331
Debtors due after more than 1 year	**-**	**400,000**	**-**	**400,000**	400,000
Debtors	**26,387**	**-**	**-**	**26,387**	31,420
Current assets	**516,417**	**600,000**	**(74,840)**	**1,041,577**	965,352
Creditors due within one year	**(3,973)**	**-**	**-**	**(3,973)**	(8,050)
	914,620	**1,152,558**	**1,490,722**	**3,557,900**	3,445,417

32 Pension commitments

The charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £27,990 (2020: £25,797).

33 Related party transactions

Transactions with related parties are disclosed in the Trustees' report and notes to the accounts.

The Trustees control the charity.

34 Reconciliation of net movement in funds to net cash flow from operating activities.

	Total funds 2021	Total funds 2020
	£	£
Net movement in funds	**(1,418,309)**	112,483
Add back depreciation charge	**96,593**	132,091
Deduct interest income shown in investing activities	**(41,428)**	(53,459)
Deduct gains / add back losses on investments	**(83,028)**	(73,231)
Decrease (increase) in stock	**(3,671)**	(5,025)
Decrease (increase) in debtors	**(61,089)**	5,033
Increase (decrease) in creditors	**138,191**	(4,077)
Net cash used in operating activities	**(1,372,741)**	113,815